

DEVELOPMENT OF A SUSTAINABLE PUBLIC TRANSPORTATION SYSTEM IN AREQUIPA

(TC-00-12-008)

EXECUTIVE SUMMARY

Beneficiary:	Municipal Government of Arequipa (MGA)		
Executing agency:	Municipal Government of Arequipa		
Amount and Source:	IDB: Japanese Trust Fund for Consultancy Services (JCF)	US\$	1,000,000
	Cofinancing:		
	Local:	US\$	200,000
	Total:	US\$	1,200,000
Financial Terms	Execution Period:	12 months	
And Conditions:	Disbursement Period:	18 months	
Objectives:	The objective of this technical cooperation (TC) is to facilitate improvement in the urban transportation system in Arequipa through the development of an urban transportation project for the short-term (3 years) with special focus on public transportation. This project will be formulated within the context of the organization of a comprehensive medium-term (10 years) master plan for urban transportation, which will be used as a core input to the area's next urban development plan. This TC will assist the MGA in taking a more active role in planning, operating, regulating, maintaining and expanding its urban transportation system.		
Description:	The technical cooperation will be divided into four Task Groups: ?? Inventory of the urban transportation system; ?? Identification and evaluation of alternative initiatives for inclusion as components of the urban transportation project, which will entail the construction of a computer-based transportation-planning model; ?? Development of the urban transportation project, with the full preparation of its first phase (year 1), which will include a new framework for the regulation of public transportation services; and		

?? Development of an implementation program for the urban transportation project, addressing technical, institutional, financial and legal aspects necessary for its proper execution.

**Environmental/
Social review:**

In general the implementation of the products of this TC will be positive with regard to environmental and social impacts. Their implementation will result in a more efficient and effective system of urban transportation. This improved system will provide greater accessibility; reduce environmental degradation, including air pollution (decrease associated health problems); enhance safety (decrease frequency and severity of accidents), and be more economically and financially sustainable.

The present TC has been reviewed by the TRG of the Committee on Environmental and Social Impact (CESI) on July 13, 2001. No comments were made and no further action was deemed necessary.

**Benefits and
beneficiaries:**

Since this TC will focus on the development of initiatives to improve public transportation, the implementation of its products will benefit poorer segments of the population most, increasing their access to job markets and social services.

Risks:

Any modernization activity is likely to result in opposition from those who fear change in the status quo, most notably those private sector operators that presently provide public transportation services under little regulatory oversight. The TC will minimize this risk by actively including the private operators, as well as other key stakeholders, in the dialogue about the design of the urban transportation system. In addition, mitigation of impacts of pertinent improvement initiatives on present public transportation operators will form a key part of the implementation program.

Restructuring the present transportation system presumes that present trends to decentralize governmental functions in Peru, particularly in urban transportation regulation, will continue. The TC will mitigate the risk that decentralization efforts lag by preparing a group of urban transportation improvement initiatives which balances initiatives that can be implemented by the MGA without changes to present national law with initiatives requiring changes which can realistically be achieved (as determined through the legal feasibility analysis performed as part of the alternative evaluation process).

**Bank's country
and sector
strategy:**

The strategy of the Bank in the transportation sector in Peru is to support publicly-financed improvement in infrastructure with focus on that infrastructure most socially-oriented, while facilitating the creation of modalities allowing private investment in infrastructure or operations which can be made financially viable. This TC aims to improve the framework for regulation of public transportation services, thus facilitating larger and more sustainable investment by private operators in newer and improved buses.

Recent Bank efforts in the urban transportation sector have made improving traffic safety and the circulation of nonmotorized transportation high priorities, given the large social and economic effects of the chronic neglect of these issues. These two initiatives will form critical components of the urban transportation project for urban transportation developed by this TC.

Consistent with the Bank's effort to alleviate poverty, the activities of this TC will focus heavily on improvement of the public transportation services, that facet of the urban transportation system most affecting poorer segments of the population. Better services result in improved access to labor markets and social services.

**Special
contractual
conditions:**

Japanese Trust Fund for Consultancy Service must be awarded to a Japanese firm and 50 percent of contract resources must go to a Japanese firm.

**Exceptions to
Bank policy:**

None.

Procurement

The Bank's procurement procedures will be used in the acquisition of goods and in the hiring of the consultancy services required for the execution of this TC.

